



STATE OF CONNECTICUT  
OFFICE OF POLICY AND MANAGEMENT

TESTIMONY SUBMITTED TO THE  
SELECT COMMITTEE ON AGING  
FEBRUARY 19, 2009

Robert L. Genuario, Secretary  
Office of Policy and Management (OPM)

**Concerning Various Property Tax Relief Proposals: SB 244 (AN ACT CONCERNING THE ELDERLY PROPERTY TAX FREEZE PROGRAM), HB 5299 (AN ACT INCREASING THE TAX RELIEF PROVIDED BY THE CIRCUIT BREAKER PROGRAM) and HB 5676 (AN ACT CONCERNING STATE PAYMENT OF SENIOR PROPERTY TAXES)**

Senator Prague, Representative Serra and distinguished members of the Select Committee on Aging, I thank you for the opportunity to submit written testimony concerning several bills on today's agenda that address property tax relief programs.

As you know, §12-170v allows towns to place a "cap" on the property tax bill for a homeowner over the age of 70 who meets certain income limits. Senate Bill No. 244 would require the State to reimburse towns for their tax losses due to this local-option tax relief program. While well-intentioned, this bill would allow a town to make a decision to reduce tax obligations without taking financial responsibility for that decision. Additionally, providing one level of government with the ability to expend funds or reduce taxes at the expense of another level of government tends to result in costs that are greater than originally intended. Moreover, since towns may already recover the amount of the tax relief they choose to provide under §12-170v, there is no reason to pass such costs to other State taxpayers. Consequently, OPM must oppose the provision of State reimbursement for a local-option tax relief program.

Similarly, OPM must oppose House Bill No. 5676. This bill would allow elderly Connecticut residents whose income is below certain limits to elect to have the State pay the entire amount of their annual property tax bills, in exchange for State liens on their properties. The bill's income limits are the same as those that are currently in effect for the State's Circuit Breaker program of tax relief for elderly or totally disabled homeowners under §12-170aa: \$37,300 in joint taxable and non-taxable income for married couples or \$30,500 in taxable and non-taxable income for an unmarried person. Again, while well-intentioned, the State simply cannot afford the substantial cost of the program this bill describes, especially at a time when we are grappling with unprecedented projected budget deficits.

House Bill No. 5299 would increase the amount of property tax credits for which elderly or totally disabled persons may qualify under the Circuit Breaker program. While OPM recognizes that increasing benefits under §12-170aa is a matter of legislative determination, this bill may have unintended consequences. Unless there is an increase in Circuit Breaker program funding, increasing benefits will result in municipal reimbursement reductions. This is due to the fact that there is a proportionate reduction in reimbursements to the amount of the appropriation in any year in which funding is insufficient. As you know, the Governor's recommended budget for the upcoming biennium does not include appropriation increases for the Circuit Breaker program.

Thank you for the opportunity to submit this testimony explaining the reasons for OPM's opposition to Senate Bill No. 244 and House Bill No. 5676, as well as our concerns regarding the potential unintended consequences of House Bill No. 5299. As always, my staff and I are available to answer any questions that you may have.